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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	76396701
Applicant	Armada Art, Inc.
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TRADEMARK

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Application of: Armada Art, Inc.
Trademark Law Office: 114
Serial No.: 76/396,701
Filed: April 16, 2002
Examining Attorney: Alex S. Keam
International Class: 008
Mark: PAPER SHAPERS
Docket: 690-8
Dated: September 27, 2005

Commissioner for Trademarks
2900 Crystal Drive
Arlington, VA 22202-3514

Attention: Trademark Trial
and Appeal Board

APPLICANT'S MAIN BRIEF

Madam:

This Brief is submitted in furtherance of Applicant's appeal of July 29, 2005.

I. Procedural Background

The subject application was filed by Applicant Armada Art, Inc. (hereinafter "Armada") on an actual use basis under §1(a) and is directed to the word mark "PAPER SHAPERS" for scissors. In an Office Action dated July 26, 2002, the Examining Attorney refused registration of the applicant mark under Section §2(d) in view of U.S. Trademark Registration No. 2,397,552 for "PAPER SHAPERS" for use with paper hole-punch devices which make fanciful shapes (hereinafter "the Cited Registration"). The Cited Registration is in the name of E.K. Success, Ltd. (hereinafter "EK Success"). In addition, the Examining Attorney cited prior pending application Serial No. 76/099,827 for "PAPER SHAPERS" for use with scissors (hereinafter "the '827 Application"), as being a potential basis for a likelihood of confusion refusal to register. The '827 Application was in the name of Provo Craft & Novelty, Inc. (hereinafter "Provo").

On January 8, 2003, Applicant filed a response and submitted a copy of a license agreement between itself (Armada) and EK Success. Specifically, as set forth in the license agreement, Applicant licensed certain rights under the "PAPER SHAPERS" mark to EK Success. In view of the license agreement, Applicant requested withdrawal of the refusal to register in view of the Cited Registration.

A Notice of Suspension was issued on February 28, 2003 suspending prosecution of the subject application pending the disposition of the '827 Application.

In an April 1, 2004 communication, Applicant notified the Examining Attorney that the '827 Application had been abandoned. The '827 Application, during its prosecution, had been refused registration in view of the Cited Registration. In an attempt to obviate this refusal to

register, Provo petitioned to cancel the Cited Registration but later withdrew that petition.

Refusal to register the '827 Application was finally maintained with the '827 Application eventually becoming abandoned.

Prosecution was again continued on the applicant mark, with an Office Action being issued on June 10, 2004 in which a requirement to disclaim the term "paper" was set forth and the likelihood of confusion refusal to register was maintained in view of the Cited Registration. The term "paper" has been disclaimed. However, in spite of arguments from Applicant, the likelihood of confusion refusal to register was made final in an Office Action dated February 1, 2005. In that Office Action, the Examining Attorney stated, *inter alia*:

...The applicant argues that the refusal should be withdrawn because the [Cited Registration] is owned by its licensee. It has twice submitted copies of the license agreement between itself and the owner of the [Cited Registration], EK Success, Ltd. The license agreement cannot be construed as a consent agreement....

[Cited case law] demonstrates that the mere existence of a consent agreement does not, in and of itself, determine the question of a likelihood of confusion between marks. As noted previously, consent agreements are just one of several factors to be considered in a likelihood-of confusion analysis....

A well-reasoned consent agreement should include considerations as to why the parties believe there is no likelihood of confusion, *e.g.*, differences in the goods and applications therefor, the marks, the trade channels, and prospective consumers. The consent might include a program of action designed to avoid confusion in the future, such as limitations on promotions and manner of distribution, advertising and product packaging. The consent also might include an agreement between the parties to undertake further action, such as executing other agreements as necessary, to carry out the spirit and intent of the original consent agreement. The [submitted] license

agreement does not contain these elements, and in fact actually recognizes the relatedness of the goods.

The applicant was also advised that a licensee has no ownership rights to a mark. Therefore, it appears that E.K. Success, Ltd., as the applicant's licensee, should not have applied for nor have been granted a federal registration.... The applicant in [the Cited Registration] should also have been [Armada], as the owner of the mark ["PAPER SHAPERS"]....

The applicant does not appear to control the use of the mark by the registrant [EK Success], and therefore, unity of control is lacking.

II. ISSUE ON APPEAL

The issue on appeal is whether or not there is a likelihood of confusion between the applicant mark and the Cited Registration, particularly in view of the license agreement between the Applicant and EK Success.

III. ARGUMENT

The Applicant herein is indisputably the owner of the "PAPER SHAPERS" mark for use on both its own goods and the goods of the Cited Registration. With all usage of the "PAPER SHAPERS" mark emanating from a single source, namely, the Applicant, there cannot be a likelihood of confusion between the applicant mark and the Cited Registration. The Applicant and EK Success have acquiesced to this notion as evidenced by the license agreement. It is respectfully requested that the likelihood of confusion refusal to register in this case be reversed.

A. Applicant Owns the Mark "PAPER SHAPERS"

There is no dispute that Applicant is the owner of the "PAPER SHAPERS" trademark. Under the license agreement between Applicant and EK Success, Applicant is the licensor and acknowledged owner of the "PAPER SHAPERS" mark. Applicant's ownership of the mark has been admitted by the Examining Attorney. *See, e.g.*, p. 4, Feb. 1, 2005 Office Action (Applicant (Armada) "should also have been the applicant [of the Cited Registration], as the owner of the mark ['PAPER SHAPERS']."). Applicant clearly has a lawful right to apply for registration of its own trademark.

Moreover, a relationship exists between Applicant and EK Success — a relationship based on the license agreement between the parties. As explained at TMEP §1201.03(f), Applicant could have applied for the Cited Registration and relied on EK Success' commercial activities for support thereof. EK Success' commercial activities with respect to the mark "PAPER SHAPERS" are controlled by the license agreement. In particular, at Section 3.1, the Applicant granted a limited license which specifically only permits EK Success to use the mark "PAPER SHAPERS" in conjunction with limited goods (paper hole punch devices which make fanciful shapes) and in a limited geographical area (in the United States). Section 3.1 further states that "EK [Success] agrees that it will use the Licensed Trademark ["PAPER SHAPERS"] only so long as it is authorized by this Agreement." No other use of the "PAPER SHAPERS" trademark is permissible. Furthermore, with reference to Section 8.1, the Applicant has control over the quality of EK Success' goods through its own quality control. These provisions are typical license provisions which clearly indicate that Applicant has control over EK Success' usage of the "PAPER SHAPERS" trademark.

In view of the foregoing, Applicant could have properly filed for the Cited Registration. The exact circumstances as now present would support such an application. Nevertheless, Applicant has permitted EK Success to maintain the Cited Registration.¹ Thus, the only possible basis to argue that Applicant is not the single source of all usage of the mark “PAPER SHAPERS” is that the Cited Registration is in the name of EK Success, not the Applicant. This basis, however, is untenable.

With reference to Section 6.1 of the license agreement, EK Success is permitted to maintain the Cited Registration with Applicant’s consent. In addition, if EK Success fails to maintain the Cited Registration, Applicant has a reversionary interest in the Cited Registration, and the Cited Registration automatically transfers to Applicant. Accordingly, the ultimate disposition of the Cited Registration is controlled by Applicant, not EK Success.

A licensor can grant a licensee a right to obtain a registration of a mark. *See* TMEP §1201.02(b) (“an application to [register a mark] must be filed by the party who is the owner of **(or is entitled to use)** the mark as of the application filing date” (emphasis applied)); *In re Wilson Jones Co.*, 143 U.S.P.Q. 238 (CCPA 1964) (“consent to register” is separately granted from “consent to use” under a license agreement). By analogy, a non-owner distributor can obtain “written consent from the owner of the mark to registration” in the distributor’s name, as an alternative to obtaining ownership rights in the mark. *See* TMEP §1201.06(a)(2)(a). EK Success was entitled to use the mark at the time of its filing and is still entitled to use the mark under the license agreement. Accordingly, EK Success can properly maintain the Cited Registration. If EK Success loses its entitlement to use the mark (e.g., the license is terminated),

¹ Filing and issuance of the Cited Registration pre-dates the license agreement.

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the Cited Registration becomes void *ab initio*. *Major-Prodotti Dentari-Societa in Nome Collettivo di Renaldo Giovanni & Figli v. Shimer*, 161 U.S.P.Q. 437 (TTAB 1968)(trademark registration is void *ab initio* since “any rights which respondent may have had in the mark during the life of the agency immediately reverted to petitioner” upon expiration of the agreement between them).

In sum, the license agreement provides a proper grant to EK Success to maintain the Cited Registration. This grant is subject to the license agreement and Applicant’s rights. Applicant’s reversionary interest in the Cited Registration signifies its ownership interest in the Cited Registration and full control both over EK Success’ activities under the license and over the trademark “PAPER SHAPERS”. Accordingly, Applicant controls all usage of the mark and all usage emanates therefrom.

As explained by the Board in *In re Wella A.G.*,

...in every case involving the application of Section 2(d), a determination must be made as to whether there exists a likelihood of confusion as to *source*, that is, whether purchasers would believe that particular goods or services emanate from a single source, when in fact those goods or services emanate from more than a single source. Clearly, the Court views the concept of “source” as encompassing more than “legal entity.”...

5 U.S.P.Q.2d 1359, 1361 (TTAB 1987)(emphasis in original)(*rev’d on other grounds*, 8 U.S.P.Q.2d 1365 (Fed. Cir. 1988)).

Although Applicant and EK Success are different legal entities, Applicant has full control of the “PAPER SHAPERS” trademark, including control over its own usage, control over usage by EK Success, and control over the Cited Registration. As such, all usage of the “PAPER SHAPERS” mark, in fact, emanates from a single source, the Applicant, regardless that the Cited Registration

is in the name of EK Success. There cannot be a likelihood of confusion between the applicant mark and the Cited Registration since both emanate from the Applicant.

B. The License Agreement Indicates the Parties' Understanding of Their Rights in the "PAPER SHAPERS" Trademark

Applicant's and EK Success' own understanding of their respective rights in the "PAPER SHAPERS" trademark is set forth in the license agreement. In the February 1, 2005 Office Action, the Examining Attorney relied heavily on the case of *In re Mastic, Inc.* and rejected the license as being an improper form of consent agreement. The Examining Attorney stated that a "well-reasoned consent agreement" should include a number of "considerations" including "why the parties believe there is no likelihood of confusion, e.g., differences in goods and applications therefor, the marks, the trade channels, and prospective consumers." p.4, Feb. 1, 2005 Office Action. The "considerations" cited by the Examining Attorney are considerations to be included in a specific form of consent agreement, namely a co-existence agreement, not a license agreement. With a co-existence agreement, parties expressly acknowledge that no one has superior rights and that there is no likelihood of confusion in simultaneous use of the marks; while, with a license agreement, one party takes rights from another. The Examining Attorney's requirement of including co-existence agreement terms in a license agreement is improper.

In addition, the Examining Attorney's reliance on *In re Mastic, Inc.*, 4 U.S.P.Q.2d 1292 (Fed. Cir. 1987) is misplaced. In *Mastic*, a "naked" consent agreement was in dispute, which was asserted as a co-existence agreement. The *Mastic* consent agreement lacked basic co-existence agreement terms. Contrary to the Examining Attorney's assertions, the license agreement clearly sets forth the parties' rights under the trademark "PAPER SHAPERS" and is

not a “naked” agreement. As pointed out above, EK Success is granted exclusive rights to practice the trademark in connection with certain punches and only in the United States and is under quality control obligations to Applicant. The rights between the parties are set forth in the license agreement, unlike in *Mastic*. As a matter of fact, one of the passages from *Mastic* quoted by the Examining Attorney in the February 1, 2005 Office Action states, “...the parties may prefer the simplicity of a consent to the encumbrances of a valid trademark license. However, if the goods are likely to be attributed to the same source because of the use of the same or similar mark, **a license (not merely a consent)** is necessary to cure the conflict.” (Emphasis applied). This arrangement is in place between the Applicant and EK Success.

The license agreement shows the parties’ understanding of their rights under the “PAPER SHAPERS” mark. Both Applicant and EK Success exist in the commercial marketplace under the terms of the license agreement. EK Success has the exclusive right to use the mark with paper hole punches which make fanciful shapes. With reference to TMEP §1207.01(d)(viii), a “consent agreement” refers to **any agreement** in which a party consents to the use and/or registration of a mark by another party. Within this definition, the license agreement is a proper “consent agreement”. A consent agreement does not have to be a co-existence agreement. As further set forth in TMEP §1207.01(d)(viii),

The examining attorney should give great weight to a proper consent agreement. The examining attorneys should not interpose his or her own judgment concerning likelihood of confusion when an applicant and registrant have entered into a *credible* consent agreement and, *on balance*, the other factors do not dictate a finding of likelihood of confusion.

(Emphasis in original).

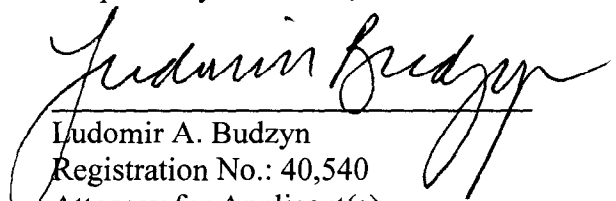
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The Examining Attorney has improperly given no weight to the existence of the license agreement. The license agreement is proof that the parties do not believe that there is a likelihood of confusion between EK Success' use of the mark with paper hole punches which make fanciful shapes and Applicant's use of the mark with scissors.

IV. Conclusion

In view of the foregoing, Applicant is the owner of the "PAPER SHAPERS" mark and has control over all use thereof by itself and by EK Success. With all usage emanating from Applicant, there cannot be a likelihood of confusion between the applicant mark and the Cited Registration. The parties themselves have acquiesced to this as evidenced by the license agreement. It is respectfully requested that the likelihood of confusion refusal to register be reversed.

Respectfully submitted,


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